

FRIDAY AUGUST 05: 96 percent HEC shares likely to be sold

ISLAMABAD (August 08, 2011) : The government is likely to sell 96 percent shares of Heavy Electrical Complex (HEC) together with management control, sources close to Minister for Privatisation told *Business Recorder*. Niagara Mill (Pvt) Limited Pakistan, AREVA T&D Pakistan (Pvt) Ltd, France and ALSTOM Grid Pakistan (Pvt) Ltd, France are considered as interested parties which have submitted Expressions of Interest (EoIs). HEC is one of the industrial units of State Engineering Corporation (SEC), engaged in the manufacturing of power transformers of different types with primary voltage rating of 66 and 132 kV. In addition, HEC undertakes repair and refurbishment of old and damaged power transformers up to 500 kV. HEC was incorporated as a private limited company in 1991 and commenced full-scale commercial operation in 1997. The company was included in the privatisation programme in 2005. HEC, which is located in Hattar Industrial Estate, has six main manufacturing shops namely machine shop, winding shop, insulation shop, high voltage test laboratory equipped with 250 tons overhead travelling crane. It can diversify its manufacturing range by including other products such as instrument transformers, high voltage circuit breakers and other grid stations equipped for meeting demand of the products in domestic and foreign markets. In the past, the Privatisation Commission invited EoIs on October 19, 2006 from prospective investors for the acquisition of minimum 90 percent share of HEC together with management control on an 'as is where is' basis. In response, 11 parties submitted EoIs by the due date of November 22, 2006; however, later on all the parties lost interest and the bidding was not held. The Cabinet Committee on Privatisation (CCoP), in its meeting on February 3, 2011 approved reactivation of HEC on the recommendation of the PC Board. Subsequently, based on the recommendation of the Ministry of Industries and Production, Ministry of Finance and HEC management, PC Board, in its meeting on April 20, 2011 decided to divest 88 percent GoP shares. The 12 percent shares were reserved for employees of HEC through Benazir Employees Stock Option Scheme (BESOS). The GoP has approved under the BESOS transfer of 12 per cent shareholding to the HEC employees empowerment trust. In this regard trust deed was made on October 7, 2009 by SEC, Ministry of Industries, for transfer of 495,835 shares (12 per cent of total shareholding of 4,131,956 shares as on August 14, 2009) to HEC employees empowerment trust. Subsequently, share capital of the company has been changed after conversion of GoP loans into equity. The transaction progress was brought to the notice of the PC Board and after deliberations the Board recommended divestment of minimum 96 per cent GoP shares in HEC together with management control.

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